

Message Text

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ACTION AGR-20

INFO OCT-01 NEA-10 ISO-00 SSO-00 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

COME-00 L-03 NSCE-00 RSR-01 CIAE-00 INR-10 NSAE-00

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O 041335Z SEP 73

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC IMMEDIATE 4832

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E.O. 11652: N/A

TAGS: EAGR, SA

SUBJECT: MINISTER OF COMMERCE REEMPHASIZES SAUDI DESIRE

FOR USG "WHOLE SUPPORT" IN GRAIN PURCHASES

REF STATE 167242

1. DEPUTY FONMIN MAS'UD ASKED ME TO SEE HIM TWO DAYS AGO TO UNDERLINE SAG'S STRONG HOPE USG COULD BE MAXIMUM ASSISTANCE IN SAUDI EFFORTS MEET FOOD GRAIN REQUIREMENTS AS OUTLINED REFTEL. SAG HOPED WE COULD DO AS WELL FOR SAUDI ARABIA AS WE HAD DONE FOR RUSSIANS. SAID MINCOMMERCE AWADI PREPARED TO GO HIMSELF OR SEND SPECIAL DELEGATION PURSUE NEGOTIATIONS IN WASHINGTON. MAS'UD DID NOT RPT NOT HAVE IMPRESSION NEW COMMATTACHE KHOJA WAS AUTHORIZED ACT ON BEHALF SAG.

2. I REPLIED WE PREPARED BE OF ALL POSSIBLE ASSISTANCE AS INDICATED IN MY LETTER TO MINCOMMERCE (WHICH CONVEYED SUBSTANCE REFTEL). I FELT IT IMPORTANT SAUDIS HAVE SOMEONE IN WASHINGTON WHO FULLY AUTHORIZED ACT ON GOVERNMENT'S BEHALF IN CONCLUDING GRAIN DEAL, WHETHER SUCH PERSON WAS MINISTER, SPECIAL DELEGATES OR ATTACHE KHOJA. WITH REGARD LATTER, I TOLD MAS'UD IT IMPORTANT SAUDI

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AMBASSADOR WOWAYEL BE FULLY INFORMED PRECISELY WHAT IT IS

SAG WANTS TO ACHIEVE IN GRAIN MARKETS AND THAT PERHAPS FONMINISTRY COULD SUGGEST TO SOWAYEL HE GIVE KHOJA APPROPRIATE ASSISTANCE. MAS'UD PROMISED PASS THIS MESSAGE BACK TO AWADI.

3. IN ORDER, HOWEVER, ASSURE AWADI QUITE CLEAR ON NATURE OF SITUATION AND OUR ABILITY TO ASSIST, POL/ECON COUNSELOR AND I CALLED ON HIM REVIEW MATTER FURTHER. I EXPLAINED OUR CONVICTION BEST COURSE IS FOR SAG SEEK ASSISTANCE OF COMPETENT BROKER WHOM DEPARTMENT AGRICULTURE WOULD BE HAPPY HELP IN FINDING. DEPT AGRICULTURE SPECIALISTS WOULD BE AVAILABLE ADVISE AND CONSULT WITH SAG REPRESENTATIVES AT EVERY STEP.

4. AWADI DESCRIBED AGAIN HIS NEEDS, I.E. CONTRACT WHICH COULD BE CONCLUDED IN NEAR FUTURE FOR RELATIVELY SMALL AMOUNTS TO BE DELIVERED AT MONTHLY INTERVALS. SAUDI GOVT LOOKING FOR "STRONG USG SUPPORT." I POINTED OUT USG HAS NO RPT NO GRAINS TO SELL ITSELF AND THAT SAG ENTERING MARKET SITUATION WHERE SUPPLIES ARE TIGHT AND PRICES RISING. UNFORTUNATELY THERE LITTLE USG CAN DO AT THIS STAGE BRING PRICES UNDER CONTROL BUT CERTAINLY WHICHEVER BROKER SELECTED COULD BE MADE AWARE DEPT AGRICULTURE WOULD BE FOLLOWING HIS PERFORMANCE CLOSELY. IMPORTANT THING WAS FOR SAUDI GOVT TO HAVE SOMEONE IN US WHO HAD AUTHORITY ACT AS QUICKLY AS POSSIBLE AND WITH FUNDS AVAILABLE TO CONCLUDE CONTRACTS IN PRESENT VOLATILE MARKET SITUATION.

5. AWADI RECOGNIZED VALIDITY OF THIS POINT AND SAID KHOJA'S FIRST FUNCTION WOULD BE TO SIZE UP SITUATION WITH FULL ASSISTANCE OF SAUDI AMBASSADOR. AFTER KHOJA'S REPORT RECEIVED (COMMERCIAL ATTACHE NOW ASSIGNED IS APPARENTLY REMAINING IN WASHINGTON TO ASSIST HIM ALSO) THEN DECISION COULD BE REACHED AS TO NEED FOR SENDING SOME MORE SENIOR OFFICIAL TO CONCLUDE DEAL. AWADI INDICATED KHOJA AND AMBASSADOR SOWAYEL MIGHT WELL BE CALLING AT DEPARTMENT SEPT 4. AWADI CLOSED BY ASSERTING AGAIN HIS STRONG HOPE SAG COULD RECEIVE FULL USG SUPPORT. (AWADI CONCERNED ALSO WITH PROBLEMS OF TRANSPORT. HE IS INTERESTED IN POSSIBILITY TEMPORARY CHARTER VESSEL TO LIMITED OFFICIAL USE

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HAUL FOOD GRAINS TO SAUDI ARABIA. ECON COUNSELOR POINTED OUT CHARTER RATES NOW RUNNING HIGHER THAN THOSE FOR SHIPMENT BY REGULAR CARRIERS).

6. COMMENT: FOREGOING REVEALS STRONG SAUDI HOPE FOR MAXIMUM DEGREE USG INVOLVEMENT IN TRANSACTION. BELIEVE WE HAVE BEEN ABLE MAKE CLEAR OUR ROLE MUST BE PURELY ADVISORY ONE. URGE, HOWEVER DEPT AGRICULTURE FOLLOW

THROUGH GIVE MAXIMUM ASSISTANCE AS CONSULTANT, IN EVERY
ASPECT OF SITUATION, INCLUDING PROBLEM OF TRANSPORT.
THACHER

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